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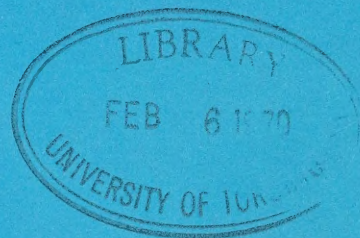
Government
Publications



[General publication]

L6-17

programs for prosperity



[Ontario]

Ontario Development Corporation



The Ontario Development Corporation, a provincial Crown corporation, offers a comprehensive program of financial services to qualified companies wishing to locate new manufacturing plants or expand existing operations in Ontario. The program encompasses:

- Interest-free forgivable loans.
- Term loans of up to 20 years at reasonable rates of interest.
- Lease-back and rental arrangements.

The Corporation may act as a catalyst in putting together financial packages for suitable companies, and will provide expert advice on obtaining financing from regular lenders, private, government, and other sources.

Forgivable Loan Program

Companies Eligible

Secondary manufacturing companies establishing new facilities in Provincial Equalization Areas or making approved additions to existing facilities. The loans are available to companies building a new plant. When 75 per cent of the machinery installed is new, the loan will also apply on the new machinery. If the company buys, leases, or rents a vacant building and installs 75 per cent new machinery, the incentive loan will apply on the new machinery.

In considering applications involving expansion, a company will be required to increase its floor space by 5,000 square feet

or 10 per cent of its existing floor space, whichever is the greater. After allowing for the necessary services, all the additional floor space must be used by the company itself for secondary manufacturing. If 75 per cent of the machinery installed in the addition is new, this machinery qualifies for loan purposes.

Tourist developments that will effectively raise the occupancy levels in local tourist establishments. Forgivable loans apply to major tourist attractions benefiting a substantial number of tourist resort operators in an area by increasing occupancy rates. The loans are available only in areas where tourism is of prime importance to the economy.



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Companies Applying for Forgivable Loans *Must*

- Satisfy the Corporation they can operate profitably in the proposed location, having regard to all factors such as the availability of labor, local services, transportation, etc.
- Be organized on a businesslike basis, having regard to their financial structure, potential earnings and management.
- Have received prior approval from the Ontario Development Corporation before proceeding with the project.
- Proceed with the project within a reasonable period of time. (The Corporation reserves the right to cancel any commitment which does not comply with this proviso.)
- Satisfy the Corporation that the project would not be undertaken in the location chosen within the foreseeable future without a forgivable loan.
- Show that any proposed expansion of existing plant is substantial in relation to the facilities already in existence.

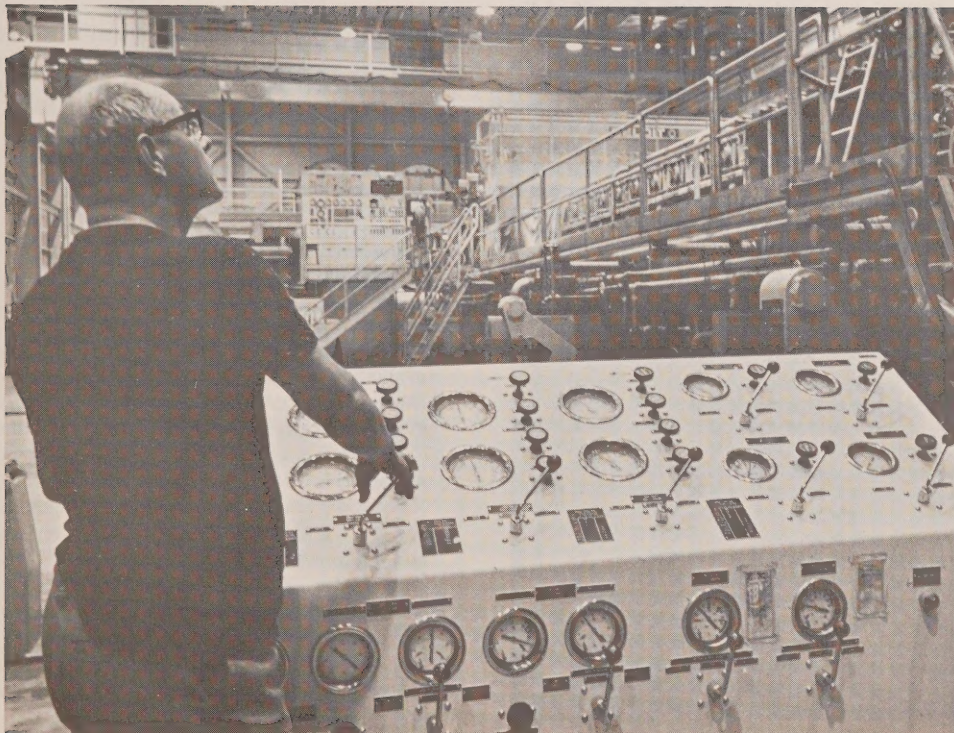
- Have Canadian directors already on the board or be prepared to appoint Canadian directors within a reasonable period of time.

Companies are eligible for only one forgivable loan for any single project. If, however, another project is undertaken in a different location a loan application may be considered.

Companies *Not* Eligible for Forgivable Loans

- Those engaged in the primary industries such as mining, logging, fishing, and agriculture. (Although the loans will not be provided, for example, for cutting trees or extracting minerals from the ground, they will be available for the conversion of raw materials. Thus, while a company cutting logs in the bush will not qualify for a forgivable loan on the cutting operations, it will be considered if it manufactures these logs into lumber or paper products.)
- Those engaged in the service industries as defined by the Corporation.

- Those wishing to transfer operations into the incentive areas from elsewhere in Ontario or other provinces in Canada when such a move will merely result in a change of location for an existing industry. (This prevents companies moving their existing operations into incentive areas merely to get a grant. If they expand their operations by establishing an additional plant in these areas, they may be considered.)
- Those eligible for financial assistance under other government incentive programs.



How Forgivable Loans Are Calculated

- 33 $\frac{1}{3}$ per cent of the first \$250,000 of the approved capital cost of new buildings and equipment.
- 25 per cent of the balance of the approved cost of these facilities.

The maximum loan will be limited to \$500,000 in approved municipalities in Northern Ontario, which comprises the districts of Algoma, Cochrane, Manitoulin, Nipissing, Sudbury, Timiskaming, Kenora, Rainy River and Thunder Bay; and in approved municipalities in Eastern Ontario, which comprises the counties of Carleton, Dundas, Frontenac, Glengarry, Grenville, Lanark, Leeds, Prescott, Renfrew, Russell, Stormont, Hastings, Lennox and Addington, and Prince Edward. In other approved areas of the province, the maximum loan is \$100,000.

Administration of Forgivable Loans

Loans are available to qualifying companies, interest free, for a period of six years.

One-tenth of the loan will be forgiven at the end of the first year, a further one-tenth of the loan will be forgiven at the end of the

second year, and so on until the end of the fifth year. At the end of the sixth year the balance of the loan is forgiven, provided the company stays in the locality in which the loan was given and has performed satisfactorily.

Security is taken on the loan to enable the Corporation to reclaim all or part of it if at any time during the first six years the

company either ceases operations, removes its operation from the area, sells its business to a company carrying on a business that does not qualify, or takes other action that will defeat the purpose of the program.

Areas In Which The EIO Program Applies

For details of municipalities in which the forgivable loan program applies, contact the Ontario Development Corporation. The program is operative from July 1, 1969, to June 30, 1971, at which time it will again be reviewed.

The Corporation reserves the right to review the EIO assistance provided to any municipality since the inception of the program. If the assistance already provided is deemed by the Corporation at any time to be adequate in the light of all circumstances, the processing of further applications for forgivable loans may be suspended at ODC's discretion.



Term Financing Program

The Ontario Development Corporation provides term financing through mortgages, debentures, etc., in many of Ontario's smaller centres of population. Loans available under this program are normally limited to \$500,000 in certain of the slower growth areas and \$300,000 in other areas of the province.

The loans may run up to a maximum period of 20 years and are available for:

- Construction of new manufacturing buildings or the extension of existing buildings.
- Purchase of new manufacturing equipment that will substantially add to employment.

Interest rates are reviewed several times a year, but generally approximate those of the Metropolitan Toronto market.

To Qualify for Assistance

Generally, companies and individuals who can meet the following requirements will be considered for financial assistance:

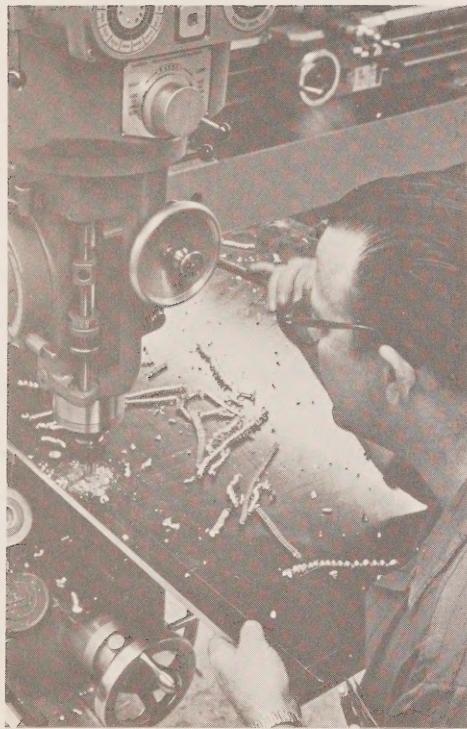
- Applicants must, in the opinion of the Corporation, have been unable to obtain

their financial requirements from conventional lending institutions on reasonable terms and conditions.

- Applicants must be engaged in endeavors that will contribute *in a substantial manner* to the economic development of Ontario.
- Applicants must prove that the management now in office (or proposed) is capable of operating the business successfully.
- Applicants must give evidence of the soundness of the venture and the ability to repay funds which may be provided.
- Applicants must have sufficient financial equity in the business to warrant financial assistance through the Corporation.
- In all cases the granting of financial assistance must materially assist in the economic development of Ontario.

Corporation Funds Are *Not* Available To

- Primary industries such as mining, logging, agriculture, fishing.
- Applicants able to secure funds from conventional lending institutions, the personal resources of the company, its partners, management, or principal stockholders, or from the sale of company assets.
- Companies requiring funds for mere financial readjustment, such as to free or repay existing loans, and similar purposes.
- Industries where adequate capacity already exists in Ontario and Canada for their goods or services.
- Applicants in bankruptcy or insolvent.



Lease-Back Program

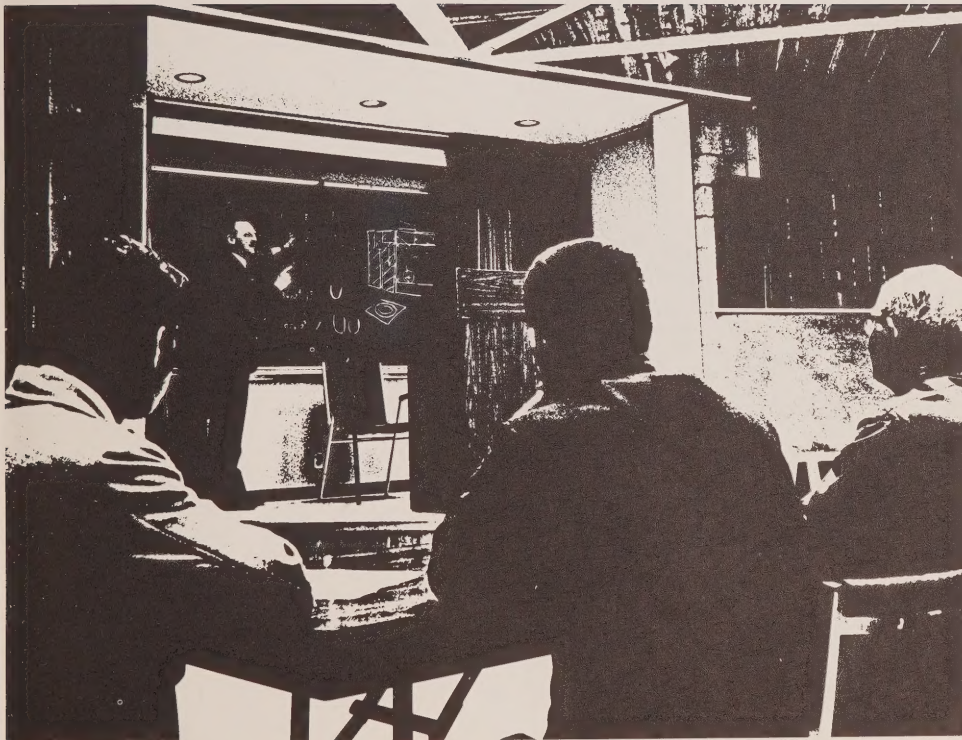
In certain slow growth areas of the province the Corporation assists companies to acquire manufacturing building space through lease-back or rental agreements. Charges are based on current interest rates and buildings are constructed to customer specifications. The program does not apply to highly specialized, single-purpose buildings.

Other Financial Services

The Corporation will attempt to find additional financing for companies from regular lenders, private investors, and other government sources. It will also assist companies, when requested, to put together a total package of their financial requirements provided the company meets ODC's requirements.

Advisory Services

In addition to ODC's financial services, Corporation consultants provide management advice and guidance on financial and technical matters to the smaller enterprises not in a financial position to obtain this type of service elsewhere. These services are available in all parts of the province.



Centralia Industrial Park

ODC-administered Centralia Industrial Park, a former airforce base 25 miles north of London, is Ontario's only fly-in industrial park. Situated on the fringe of Ontario's main industrial corridor, the fully serviced 767-acre community offers rental space for industry and an established housing area for employees.

Skilled and semi-skilled workers are available in the area. The park's transportation, education and recreation facilities are unparalleled.

Products ranging from racing yachts and bicycle tires to automotive lighting components and plastic plumbing fixtures are manufactured by companies established at Centralia.



**Inquiries
concerning all
ODC services should be
addressed to:**



**Ontario Development Corporation
950 Yonge Street
Toronto 5, Ontario
Canada**

**Phone 365-4622
Area code 416**

Publications and Films

Publications available from the Corporation include:

Does Your Business Need a Check-Up?

Sound business practices and procedures for the small company.

Motel Building for the Future

Factors to consider in deciding whether to expand a motel operation. (\$1.00 if ordered outside Ontario.)

Centralia Industrial Park

Facilities and advantages of industrial location at Centralia Industrial Park, administered by the Corporation.

Account Book for Tourist Operators

Sound bookkeeping and accounting procedures for the tourist operator.

Ontario Development Corporation Annual Report

Activities of the Corporation in 1968 and audited financial summary.

The ODC Story

A 13-minute color film outlining the Corporation's services to Ontario businessmen is also available.



ONTARIO DEVELOPMENT CORPORATION

Hon. Stanley J. Randall, Minister

Chairman: Donald C. Early

Vice Chairman and Managing Director:
Alan Etchen

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